

Message Text

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ORIGIN AEC-11

INFO OCT-01 ARA-11 EUR-25 IO-13 ADP-00 SCI-06 ACDA-19

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TO USMISSION IAEA VIENNA

INFO AMEMBASSY SANTIAGO

AMEMBASSY MADRID

AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L STATE 117115

BUENOS AIRES FOR SCIATT

E. O. 11652: GDS

TAGS: IAEA TECH CI SP

SUBJ: CHILEAN INTEREST IN ENRICHED URANIUM SUPPLY THROUGH
IAEA FOR SECOND RESEARCH REACTOR

RE (A) IAEV VIENNA 4627 (B) IAEA VIENNA 4031 (C) IAEA VIENNA 3781

(D) IAEA VIENNA 3739 (E) STATE 84801 (F) IAEA VIENNA 1809

AND (G) STATE 38976

1. PER PARA 4 REF A, WE DID NOT CONSTRUE CHILEAN APPROACH
FOR US SUPPORT IN BOARD OF GOVERNORS FOR CHILEAN REACTOR
PROJECT AS FORMAL REQ FOR US TO SUPPLY ENRICHED URANIUM FOR
PROJECT. PROCEDURALLY, OF COURSE, REQUESTS FOR US MATERIAL
UNDER AGENCY PROJECTS, IF APPROVED, ARE NORMALLY SUBMITTED
BY AGENCY ON BEHALF OF MEMBER STATE, RATHER THAN DIRECTLY
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BY STATE INVOLVED.

2. WE AGREE WITH MISSION' S ASSESSMENT OF DIFFICULTIES INVOLVED IN PROPOSED CHILEAN PROJECT, AND IN SERIOUS PROBLEMS EXTANT, PER PARA 3 OF REF A. WE APPRECIATE DILEMMA THRUST ON IAEA BY CHILEAN PROPOSAL, AND COMMEND AGENCY' S CAREFUL PROBING AND ANALYSIS OF STATUTORY PROBLEMS RE COMPLIANCE OF PROPOSED PROJECT WITH AGENCY' S STATUTORY NON- MILITARY PROVISION AND OF QUESTION OF UTILITY OF SECOND RESEARCH REACTOR CENTER IN CHILE. AS MISSION AWARE, US ATOMIC ENERGY ACT SPECIFIES THAT US- SUPPLIED SPECIAL NUCLEAR MATERIALS CANNOT BE USED FOR ANY MILITARY PRUPOSES (MUTUAL DEFENSE AGREEMENTS EXCEPTED). NECESSITY PROPOSED PROJECT BEING RUN BY MILITARY, RATHER THAN CIVILIANS, NOT ADEQUATELY EXPLAINED, AND WE AGREE WITH NEGATIVE REACTION OF DG AND DDG HALL (REF (C)). DG AND STAFF SHOULD ALSO CAREFULLY CONSIDER WHAT EFFECT EXCEPTION IN THIS CASE MIGHT HAVE AS PRECEDENT LEADING TO ADDITIONAL APPLICATIONS INVOLVING MILITARY PROGRAMS. FYI GIVEN OUR INTEREST IN MAINTAINING THE TRADITIONAL FRIENDLY RELATIONSHIP BETWEEN THE US AND THE CHILEAN ARMED SERVICES, WE DO NOT WISH TO GET OUT IN FRONT OF OTHER BG MEMBERS OR APPEAR TO BE ENCOURAGING THEM TO OPPOSE APPLICATION. FURTHERMORE, RATHER THAN HAVE THIS ISSUE GO TO THE BG, IT WOULD BE PREFERABLE IF THE AGENCY STAFF DECLINED ON ONE OR MORE OF SEVERAL POSSIBLE GROUNDS TO SUBMIT APPLICATION TO BOARD. END FYI.

3. SHOULD BE NOTED THAT IN EARLY 1970 USG DISCOURAGED PERUVIAN MINISTRY OF NAVY IN ITS EFFORTS TO OBTAIN NUCLEAR REACTOR FROM US ON BASIS THAT US LAW PERMITS EXPORT OF REACTORS AND FUEL UNDER AGREEMENTS REQUIRING CIVIL USES ONLY, AND WE WERE NOT DISPOSED TO ENTER INTO SUCH AGREEMENT PERMITTING EXPORT OF REACTOR TO MINISTRY OF NAVY.

4. FYI. FOR MISSION' S BACKGROUND, IN 1958 USG AGREED AUTHORIZE EXPORT OF SMALL RESEARCH REACTOR AND RELATED ENRICHED URANIUM FUEL, PURSUANT US/ ITALIAN BILATERAL CIVIL AGREEMENT FOR COOPERATION, FOR LOCATION AT ITALIAN NAVAL ACADEMY TO PROVIDE BASIC TRAINING IN GENERAL PHYSICS FOR NAVAL CADETS AS WELL AS CIVILIAN STUDENTS FROM UNIV OF PISA. ITALIAN PROJECT, WHICH HAS SIGNIFICANT CIVILIAN CONTROL, CONSIDERED CONSISTENT WITH BROAD OBJECTIVES OF " ATOMS FOR PEACE"
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PROGRAM AT THAT TIME IN FURTHERING PEACEFUL EDUCATIONAL/ RESEARCH ACTIVITIES, AND US ASSISTANCE TO PROJECT WAS STRONGLY SUPPORTED BY STATE DEPT AS BEING IN US NATIONAL INTEREST.

5. ON OTHER HAND, USG REFUSED PROVIDE SPECIAL NUCLEAR MATERIAL FOR USE IN CONNECTION PROPOSED ITALIAN NUCLEAR POWERED MERCHANT SHIP BECAUSE PROJECT WAS BEING CARRIED OUT

UNDER AUSPICES ITALIAN NAVY.

6. IF ITALIAN CASE RE RESEARCH REACTOR AT NAVAL ACADEMY IS ALLUDED TO BY OTHERS AS PROVIDING POSSIBLE PRECEDENT FOR CHILEAN PROPOSAL, YOU SHOULD INDICATE DIFFERENCES MENTIONED PARA 4. END FYI.

7. PER PARA 6 REF B, IT NOT READILY APPARENT TO US WHERE SPAIN/ CHILE WOULD OBTAIN 4 KILOGRAMS OF 90 PERCENT ENRICHED URANIUM IF AGENCY TURNS DOWN PROJECT, UNLESS FRANCE, AS NON- NPT PARTY, WAS WILLING PROVIDE MATERIAL. HOWEVER, ASSUMING FRENCH HAD HIGHLY ENRICHED MATERIAL SURPLUS TO ITS MILITARY PROGRAM AND WERE WILLING PROVIDE IT TO CHILE FOR REACTOR, WE PRESUME THEY WOULD REQUIRE SAFEGUARDS CONSISTENT WITH THEIR POSTURE OF GOVERNING EXPORTS OF SNM AS THOUGH THEY WERE NPT PARTY.

8. FOR SANTIAGO: TELEGRAM 2460 WILL BE RESPONDED TO SEPARATELY. PORTER

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